

April 3, 2000

The Honorable William J. Clinton  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President:

At a meeting on March 1, 2000, members of the Advisory Committee for Trade Policy and Negotiations (ACTPN) expressed support for China's accession to the World Trade Organization (WTO) on the terms contained in the U.S.-China bilateral agreement that was announced on November 15, 1999. Accordingly, a majority of the Committee recommended strongly that Congress grant China permanent normal trade relations (NTR) as soon as possible this year.

We regard these recommendations as significant because, as the principal, congressionally mandated trade advisory body to you and to your Trade Representative, ACTPN comprises a membership broadly representative of our nation, including leaders from the agricultural, business, environmental, and consumer communities.

Chinese membership in the WTO is in our nation's economic interest. Granting permanent NTR status to China will allow Americans to benefit from China's WTO accession. It will give our farmers, businesses and workers unprecedented access to China's 1.2 billion consumers. The U.S.-China agreement commits China to make dramatic one-way market-opening concessions, including the following:

- For industrial goods, China will slash tariffs from an average of 25% in 1997 to an average of 9.4% by 2005; tariffs on information-technology products such as computers, semiconductors, and internet-related equipment will fall from an average of 13% to zero by 2005.
- In agriculture, China has agreed to cut average tariffs on priority U.S. products such as beef, citrus and dairy from 31% to 14% by January 2004; China also will expand access for commodities like wheat, corn, cotton, soybeans and others; permit private trade in these products for the first time; and eliminate agricultural export subsidies.
- In services, China will allow foreign firms to provide services like telecommunications, filmed entertainment, insurance, banking, securities,

engineering, law, accounting, construction, transportation, import and export trade, wholesale and retail distribution, and repair and maintenance.

If we do not grant permanent NTR to China, we would handicap our farmers, workers, and businesses by allowing our Asian and European competitors to secure the market-opening concessions that result from China's WTO membership while denying them to Americans. We must not let that happen.

The concessions made by China are important because China's markets, already vast, represent enormous potential for American workers, farmers, factories, and services firms. China is one of the fastest-growing markets in the world for American industrial goods and services. It is our sixth-largest agricultural export market and is projected to account for over one-third of anticipated growth in U.S. farm exports over the next decade.

The U.S.-China bilateral agreement deals with unique features of the Chinese economy. It ends Chinese investment policies (local-content requirements, forced technology transfer, export mandates) aimed at drawing jobs and technology to China. And it protects Americans from import surges from China and from unfair trade practices like dumping.

China's commitments are specific, measurable, and enforceable through our trade laws as well as through WTO dispute-settlement procedures. Bringing China into the WTO enhances our ability to ensure the agreement is enforced, by supplementing the bilateral negotiations on which we now rely with the more substantial force of international pressure.

The benefits of Chinese membership in the WTO go far beyond these commercial gains, however. WTO membership will both anchor and accelerate China's domestic reform process. It will break up government-run monopolies. It will expose China's inefficient state-owned factories to global market forces. And it will spur entrepreneurship. Greater foreign participation in the Chinese economy will expose more and more of the Chinese people to information and ideas from the outside world. By committing the Chinese government to publish commercial laws and regulations and adhere to the WTO's rules and conventions, Chinese membership in the WTO will strengthen the rule of law in China, and help build the strong institutions needed for a more democratic government. These are changes all Americans should welcome.

As a nation, we are concerned about a number of non-trade issues involving China, including weapons sales, threats toward Taiwan, and the treatment of Chinese dissidents. We cannot make progress on any of these issues by isolating China. And, we cannot safely ignore the world's largest nation, which shares borders with 13 other countries, is home to one-fifth of the world's people, ranks as the 10<sup>th</sup>-largest trading nation and is one of only five nations with a permanent vote on the United Nations' Security Council. We believe, as you do, that our country must continue to pursue a policy of multifaceted

engagement with China that allows us to build on the common interests the United States and China have while narrowing our differences wherever they exist.

We, as members of the ACTPN, stand ready to work with you, Ambassador Barshefsky, Secretary Daley, and others in your Administration to secure timely, bipartisan approval of unconditional permanent NTR for China. In so doing, we hope to ensure that U.S. workers, farmers, and companies obtain the full benefits of China's historic market opening.

John Pepper

Chairman

The President's Advisory Committee for Trade Policy and Negotiations

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